

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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J. ROGER FAHERTY

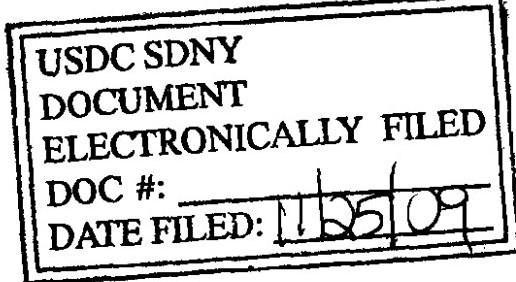
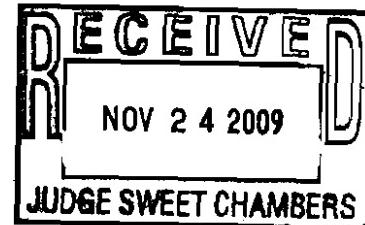
Plaintiff,

- against -

SPICE ENTERTAINMENT, INC.,  
PLAYBOY ENTERPRISES, INC.,  
PLAYBOY ENTERPRISES  
INTERNATIONAL INC.,  
D. KEITH HOWINGTON, ANNE  
HOWINGTON, and LOGIX  
DEVELOPMENT CORPORATION

04-CV-2826 (RWS)

Defendants.



**STIPULATION AND ORDER STAYING ALL PROCEEDINGS**

WHEREAS, on April 14, 2004, plaintiff J. Roger Faherty ("Faherty") filed a complaint in the above-captioned action, in which he asserted, among other things, a right to indemnification by and from defendants Spice Enterprises, Inc. ("Spice"), Playboy Enterprises, Inc. and Playboy Enterprises International, Inc. (together, "Playboy") in connection with claims being asserted by plaintiffs D. Keith Howington, Anne Howington and Logix Development Corporation (the "California plaintiffs") in a state court action entitled Logix Development Corp. v. Emerald Media, Inc., No. BC 250732 (Cal. Super. Ct. L.A. County) (the "California Action"); and

WHEREAS, on June 18, 2004, the jury in the California Action entered a special verdict awarding damages in favor of the California plaintiffs and against Faherty in excess of \$22.5 million, excluding interest and costs (the "June 18, 2004 Verdict") and the court in the California Action thereafter entered a judgment based on the June 18, 2004 Verdict; and

WHEREAS, Faherty filed a timely appeal from the judgment entered in favor of the California plaintiffs based on the June 18, 2004 Verdict in the California Action, as amended by the California state court's September 21, 2004 order applying a settlement offset, the California state court's September 21, 2004 order denying Faherty's motion for judgment notwithstanding the verdict and the California state court's September 21, 2004 order denying Faherty the full offsets requested in his offset motion (the "California Appeal"); and

WHEREAS, in the California Appeal, Faherty sought reversal of the judgment entered against him in California Action and dismissal with prejudice of plaintiffs' claims against him in that Action; and

WHEREAS, on April 13, 2007, the Court of Appeals of the State of California, Second Appellate District, Division (the "Appellate Court"), issued an unpublished opinion under docket no. B 178872 in the California Appeal ("the Appellate Court Opinion"), which affirmed in part and vacated and remanded in part the judgment entered below against Faherty and remanded for entry of a new judgment; and

WHEREAS, on May 11, 2007, the Appellate Court issued an Order which vacated the Appellate Court Opinion, granted petitions filed by appellant Faherty and respondents for rehearing and directed the parties to submit additional briefs after which the matter would be deemed submitted; and

WHEREAS, the Appellate Court filed an Opinion on November 14, 2007, which affirmed in part, and reversed and remanded in part with directions;

WHEREAS, the Appellate Court filed a Modification of Opinion on December 14, 2007 and denied the petitions for rehearing filed by the parties; and

WHEREAS, the California plaintiffs filed a timely petition seeking further review of the Appellate Court's Modification of Opinion by the California Supreme Court, which petition for review was denied on February 13, 2008; and

WHEREAS, the Appellate Court's Opinion, as Modified, reduced the judgment entered against Faherty in favor of plaintiff Logix by \$12,548,510.00, reduced the judgment entered against Faherty in favor of the plaintiffs D. Keith and Anne Howington by \$1,604,751 and remanded the matter to the California Superior Court for a new trial regarding a damage issue on which plaintiffs had previously been awarded \$2,137,452 ("the remanded damage issue"); and

WHEREAS, the Appellate Court issued a remittitur notice on or about February 27, 2008, notifying the California Superior Court that the appellate proceedings were over and that jurisdiction was being transferred back to the Superior Court for further proceedings, and

WHEREAS, the California plaintiffs served a motion in the California Superior Court ("trial court") on or about June 18, 2008, seeking to amend an existing \$40 million consent judgment against Emerald Media, Inc. (the "EMI Consent Judgment") to add Faherty as an additional judgment debtor in the California Action, which motion was tentatively denied but thereafter granted by the trial court in a written order dated October 31, 2008; and

WHEREAS, the California trial court on February 3, 2009 entered an amended judgment adding Faherty as an additional judgment debtor to the EMI Consent Judgment (the "Amended EMI Consent Judgment"); and

WHEREAS, Faherty has timely appealed to the Appellate Court from the trial court's October 31, 2008 order and from the February 3, 2009 Amended EMI Consent Judgment (the "Second Appeal"); and

WHEREAS, the California trial court has determined that the EMI Consent Judgment has rendered moot the re-trial ordered by the Appellate Court on the remanded damage issue; and

WHEREAS, the parties to the Second Appeal have not yet served and filed all briefs after which the Second Appeal is anticipated to be scheduled for oral argument before the Appellate Court; and

WHEREAS, THE California Action is still pending for further proceedings; and

WHEREAS, this Court rendered an Opinion in the above-captioned action, filed on August 23, 2005 (the "Opinion"), which granted the motion in this action made by defendants Logix Development Corporation, D. Keith Howington and Anne Howington (the "Logix Defendants") to dismiss Faherty's complaint on the ground of lack of personal jurisdiction; and

WHEREAS, in the aftermath of the Opinion, there is still pending in the above-captioned action claims asserted in Faherty's complaint against defendants Spice and Playboy, and the extent of Faherty's right to recover damages with respect to those claims against defendants Spice and Playboy may depend, in part, on the outcome of the Second Appeal; and

WHEREAS, on or about February 15, 2005, Faherty, Spice and Playboy (collectively, the "Stipulating Parties") filed a cross-motion in this Court seeking a six month stay of proceedings in this action consistent with a Stipulation and Order Staying

All Proceedings, dated February 11, 2005 (the "February 2005 Stipulation"), which

February 2005 Stipulation was "so ordered" by this Court; and

WHEREAS, the Stipulating Parties have subsequently submitted to this Court a series of Stipulations and Orders Staying All Proceedings in this action in order to be "so ordered" by this Court based on the continued pendency of the California Second Appeal; and

WHEREAS, the undersigned parties have determined that it would be in their respective interests to enter into this Stipulation and Order Staying All Proceedings in this action through April 30, 2010 under certain terms and conditions set forth hereinafter;

NOW THEREFORE, it is hereby stipulated and agreed by and among the undersigned counsel to the Stipulating Parties herein as follows:

1. Except as set forth in paragraphs 3 and 4 below, all proceedings in this litigation shall be stayed through April 30, 2010 based on the continued pendency of the California Action (the "April 30, 2010 Continued Stay").
2. On or before expiration of the April 30, 2010 Continued Stay, counsel for the Stipulating Parties may make a joint request in writing of this Court for a further extension of the stay of proceedings herein based on the continued pendency of the California Action, or advise the Court as to their respective positions with respect to a further extension of same.
3. The April 30, 2010 Continued Stay shall be lifted by the Court at any time prior to expiration of the period described in paragraph 1 above if: (1) there is a final, non-appealable judgment against Faherty in the California Action; or (2)

there is an other earlier termination event which the Stipulating Parties have heretofore agreed upon.

4. Notwithstanding the foregoing, either or all of the Stipulating Parties may apply to the Court at any time, upon proper notice to each other, to request that the April 30, 2010 Continued Stay be vacated or modified by the Court.

5. This Stipulation may be executed in counterpart and may be submitted to the Court over the faxed or e-mailed signatures of respective counsel.

Dated: New York, New York  
November 23, 2009

William G. Ballaine  
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Entertainment, Inc., Playboy  
Enterprises, Inc., and Playboy  
Enterprises International, Inc.

Attorneys for Plaintiff J. Roger Faherty

SO ORDERED:

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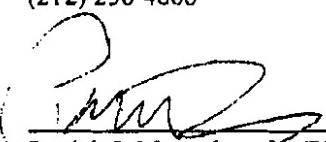
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Dated: New York, New York  
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Attorneys for Defendants Spice  
Entertainment, Inc., Playboy  
Enterprises, Inc., and Playboy  
Enterprises International, Inc.

SO ORDERED:

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Hon. Robert W. Sweet  
United States District Judge